TRAVEL LEADERS NETWORK™

2019 GLOBAL OUTLOOK

CONTINUED PROSPERITY IN 2019

TRAVEL LEADERS NETWORK™

We would like to welcome you to the Travel Leaders 2019 Corporate Travel Forecast. 2018 was a very prosperous year for almost everyone and will that continue into 2019? Overall we expect flat to moderate 2% increase on air, car and hotel combined based on existing travel spend for most of the world. (There are areas in emerging markets where there will be double digit increases, which will be highlighted throughout our forecast).

2018 has been a great year economically. 2019 appears to be where the plateau may begin. The latest projection from the International Monetary Fund for growth is at a rate of 3.9% globally making it flat from the year prior. Emerging markets will fare a bit better and continue to see a growth rate of 5.1% which is .2% higher than 2018. We project that travel spend will rise 1%-3% globally across most of the World with some regions or cities peaking to a little bit higher percentage. However, transactions are up 10% and we expect that trend to level out in 2019.

As we approach the final months of 2018, some of the risks that are effecting our forecast for 2019, are starting to rear their ugly head: Trade: A full blown trade war. Plain and simple. China, (who is the U.S largest trade partner) and the US are adding more tariffs every day against one another. Decreased demand to China has already been felt in airlines and hotels. Short term, fares have dropped considerably. As the US adds more tariffs other counties will potentially follow in their lead and posture for position, the global economy could come to a screeching halt.

High Risk

Slowing Air Demand: Trends are starting to show a bit of a slowing demand for air travel for the last quarter of 2018 moving into 2019. Airlines have added approximately 7-8% capacity year over year for the past two years, which is a massive growth rate. The biggest drop in air demand has been to China.

Europe is starting to see a slow down as there has been too much capacity added over the last few years. As demand starts to drop, fares will slightly rise as capacity will be cut.

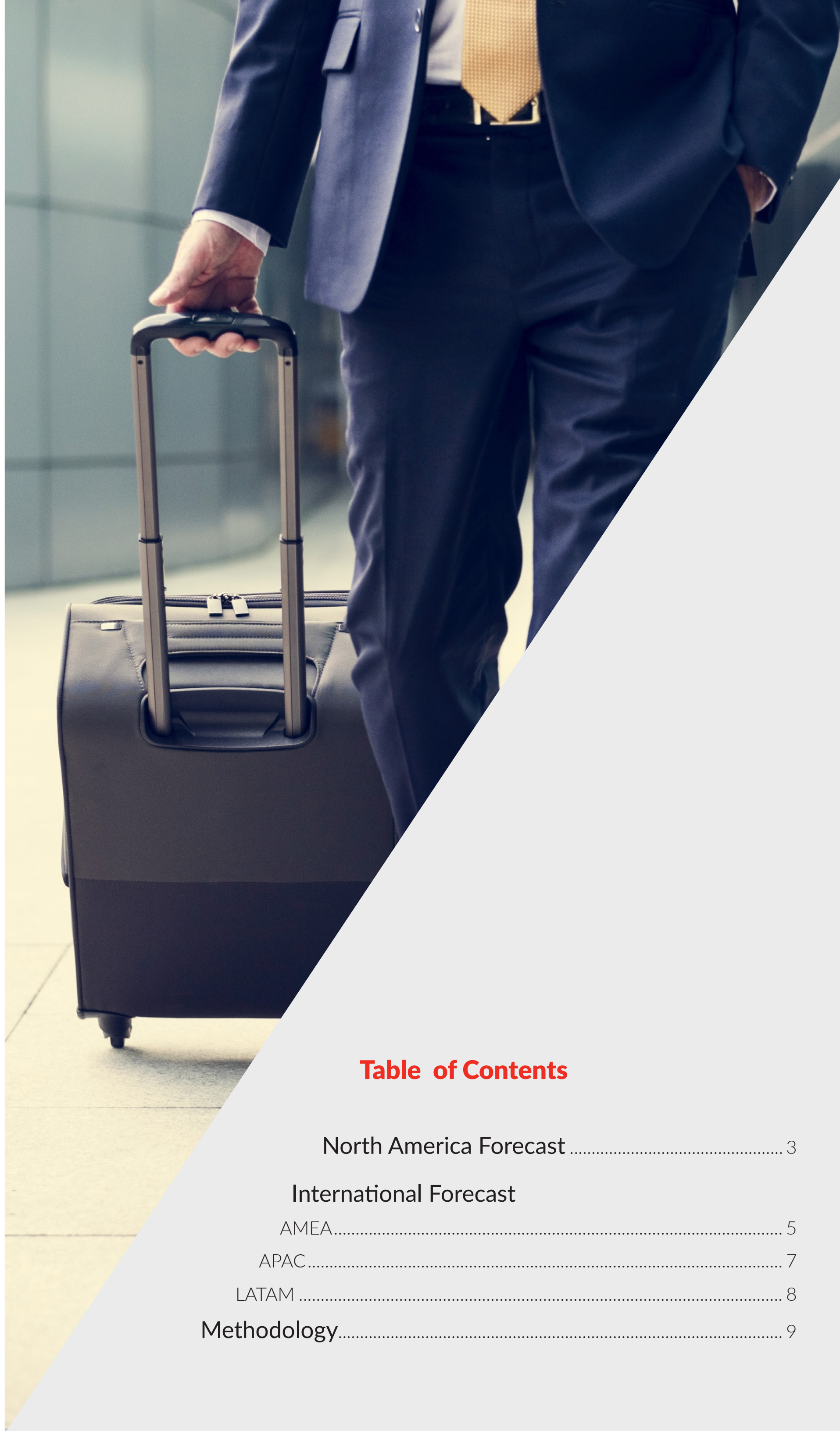
Low-Medium Risk

Inflation: U.S. inflation is the world's most important economic variable. The stage is now set for a new round of an ominous tug-of-war between the Fed and global financial markets regarding the U.S both short- and medium-term inflation outlook. If the Federal Reserve doesn't curb interest rate hikes coupled with the U.S ever growing trade war, we will see a trickledown effect across travel providers and costs passed on to companies and travelers.

Oil Prices: Oil for 2019 is projected to rise to an average price per barrel of $70 dollars. Global tensions with Saudi Arabia could accelerate oil to increase faster than previously thought. Airlines have been reporting they have been paying higher fuel prices for several months in 2018 and projecting higher fuel cost for 2019. Uncertainty around Saudi Arabia and OPEC production increases could raise barrel prices further. This could impact the airlines expenditures and cause airfares to rise.

Medium-High Risk

Our 2019 forecast is a prediction based on current market knowledge, what 2018 signaled and expert speculative analysis on what we think could happen.



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AIR

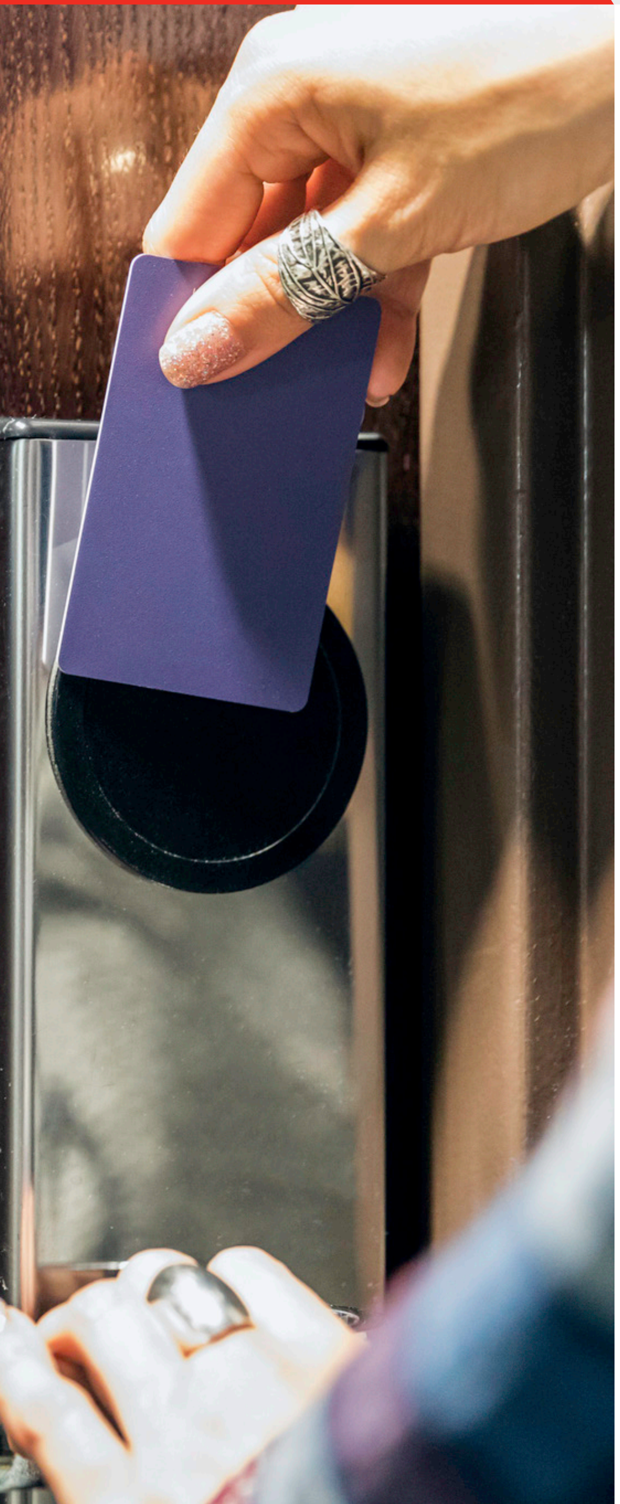
Demand has increased on par with our 2018 prediction of 5%. So far for 2018 airline load factors continue to be the highest in history hovering in the 84%-88% range depending on carrier. Taking a page out of his playbook from his tenure at American, Scott Kriby and United have been the most aggressive in terms of growth. United has rebanked flights, increased capacity in their major hubs of San Francisco, Chicago and Newark. The big three along with Alaska have expanded into the secondary markets away from their hubs. Places like Austin, Nashville and Raleigh are seeing non-stop flight between non-hub cities. American's focus on Raleigh has essentially turned Raleigh into a mini or secondary hub.

European based LCCs (Norwegian, Wow!, Level) have shown aggressive growth into both major and secondary markets. This has helped keep fares to Europe down to the lowest in history. This has affected all of the big network carriers as they have had to bring their fares down to match.

Air supply for the first time since the "big three" mergers have outpaced demand. Oil prices have risen and the airlines are starting to charge slightly more. As long as a relatively strong US economy, oil prices stay in check, demand remains from Companies and capacity and competition grows, we are projecting a very slight increase in airfares for 2019.

0.5% - 1.0%

2019 Projected Growth | North America



HOTEL

Hotels have been reaping the benefits of low supply and high demand for the past several years. Major cities have added a lot of capacity over the last two years which has helped keep rates flat. However, in secondary cities, we are seeing major increases. The lion's share of ADR's and spend are in major cities with lots of new inventory coming on board. Softening demand, the large increase in ADRs in smaller cities, hotel consolidation and taking a page from the airlines on revenue management.

Higher hotel rates are making hotels shun away from negotiating corporate deals. Travel Managers are taking a different approach on negotiating room nights. Instead of a fix cost per night, hotels are open to negotiating a discount on BAR, since hotel pricing has become dynamic.

With tens of thousands of rooms are being added globally every day. We are projecting an increase of 2-3% for hotels, mainly for secondary cities. However, we will see rates rise in major cities as well.

2% - 3%

2019 Projected Growth | North America

TRANSPORTATION

Rental car companies have done a great job of balancing demand with inventory. Rental car is seeing a slight resurgence and selling out a peak periods when demand is high. Rental car companies haven't raised rates in years. As more demand is returning we are expecting corporate rates to rise 2%.

Ride sharing is the number one transportation category expensed and will continue to increase. With Uber and Lyft expanding globally every day, the big three rental car companies are partnering with the likes of Uber and Lyft and allowing Uber and Lyft drivers to rent cars to earn money while driving.

2%

2019 Projected Growth | North America

WESTERN EUROPE

Ultra/Long Low Cost Carriers; (Norwegian and WOW airways) have brought down transatlantic Economy fares down in a very significant way. We have seen some of the lowest transatlantic fares ever in 2018 to the European market. However, we are starting to see trends for next year, where airfares are increasing as the Ultra Low Cost Carriers are starting to take on heavy expenses. Coupled with rising oil costs we expect to see a slight increase overall, but not until the second half of 2019.

1% - 2%

2019 Projected Growth | Western Europe

MIDDLE EAST & AFRICA

Demand to the Middle East and Africa is slowly starting to grow as oil prices rebound. However, both Emirates and Eithad are still dealing with major over capacity issues and struggling to fill their planes and find pilots. This has led carriers to ground aircraft and many flight cancelations. Saudi Arabia tensions could be felt through the region which will also have an impact on air travel. With all of those factors taken in, we can't see an increase for 2019. Fares will stay flat.

FLAT

2019 Projected Growth | Middle East & Africa

HOTEL

Strong hotel demand continues in Western Europe. However, Airbnb is extremely popular and is helping to keep rates flat in some markets. Rates are rising in certain parts of Europe in extremely hot travel destinations such as Hungry, Ireland, UK and Portugal. Rates will stay flat in major central European Cities, such as Paris, Frankfort and Zurich.

1% - 2%

2019 Projected Growth | EMEA

TRANSPORTATION

Ride share has become popular where they are legally allowed to operate. Rail and public transit is still King in Europe. In the past several years we have seen a few major players come into the rental car market which are keeping rates flat.

Rail is still king in Europe. Many counties have added new high speed rail lines in the past year. Germany has finally completed their high speed train from Berlin to Munich. While the French rail provider SNCF, has added low cost high speed options from central Paris to many major French cities. Eurostar, has added London-Amsterdam service.

FLAT

2019 Projected Growth | EMEA

AIR

Demand for air travel in Asia has never been greater. As the Chinese market continues to mature greater demand has taken place. While we have seen many new Low Cost Carriers in South Asia to meet that demand, we are not seeing the same in North Asia. Travel to and from China, Japan and Korea has the greatest demand, but carriers are not adding capacity, but raising fares. Planes are still full and they are getting the revenue they want. We are projecting a 1-2% increase depending on the area.

1% - 2%
2019 Projected Growth | Asia

TRANSPOPTATION

Ride sharing is taking off in Asia, but the player in most countries are different that Uber and Lyft. In China you have Didi Chuxing who has become every popular with business travelers. In India the major player is Ola, but Uber is gaining a lot of market share, by leveraging their corporate contracts from the US. In very traditional Japan, Uber and Didi are only partnering with Taxis as Taxis are very well supported by the government.

Rail: Chinese travelers are migrating toward high speed rail as airports throughout China experience severe delays. New high speed trains have reduced transit times by has much as 4 hours between many Chinese cities.

Japanese bullet trains continue to grow as new trains and more frequencies come online. However, don't expect rates to rise, as the Japanese government controls the fares.

HOTEL

China has finally exceed the demand for hotels outside of Hong Kong where demand still far outpaces supply. The overcapacity in the Chinese mainland will lower rates significantly. However, in countries like India and Japan we are predicting increases all the way up to 8%. Our predictions show the majority of APAC will have a slight increase in rates.

1% - 6%
2019 Projected Growth | Asia

AIR

Latin America is growing and demand will be much greater in 2019 than in years past. Many South American governments have lifted restrictions on competition and we are now seeing many new Low Cost Carriers throughout South America. While demand for service is rising, new airlines and new capacity from existing carriers will drop fares for 2019.

-2%

2019 Projected Growth | LATAM

HOTEL

Major over capacity from the small growth that was seen throughout Brazil and a few other counties, is now taking its toll on rates. We are seeing flat rates in all of South America with the exception of Argentina. High inflation and crazy currency rate fluctuations are causing rate projections to be anywhere from 20%-30%

Ground: Ride sharing is become very welcomed in South America. As public transportation is poor, but technology is extremely popular. Brazil offers both Uber and Didi. Brazilian companies have included Uber andDidi. Brazilian companies have included Uber and Didi in their travel polices as they are deemed safer than Taxis. Uber is also used in many other parts of South America, but struggles in Argentina where they are in legal battles with taxis.

Rental Car is still almost nonexistent part of travel in South America, despite the efforts of major car rental brands.

1% - 2%

2019 Projected Growth | LATAM

METHODOLOGY

Our projections for the 2018 Global Travel forecast is based on:

- Travel Leaders Group historical and advanced booking data
- ARC transactional Data
- Global knowledge and expertise of the travel industry from the Business Travel Center of Excellence
- Macroeconomic information provided from International Monetary Fund (IMF) and World Bank